SYNOPSIS

ON

Financial Inclusion: A Comparative Study of Shikaripara and Ratu Blocks of Jharkhand

For

Registration In Ph.D.

Program

The Department of Anthropology

Ranchi University, Ranchi (Jharkhand)

2024

Under the Supervision of

Dr. Manish Chandra Tudu

Department of Anthropology

Ram Lakhan Singh Yadav College, Ranchi

Ranchi University, Ranchi

Submitted By

Abhinav Anand

Department of Anthropology

Ranchi University Ranchi

Table of Content

Sl. NO.	Title	Page no.
1	Introduction	1-3
2	Review of Literature	3-4
3	Problem to be Investigated	4-5
4	Objectives of the Study	5
5	Hypothesis	5
6	Research methodology	5-7
7	Scrutiny and Analysis of data	7
8	Significance of the Study	7
9	Relevance to the present-day and need to the society	7-8
10	Contribution to the existing Knowledge	8
11	Future work	8
12	Tentative Chapterization	8-9
13	References	9-10

Introduction

Financial inclusion is described as the method of offering banking and financial solutions and services to every individual in the society without any form of discrimination. It primarily aims to include everybody in the society by giving those basic financial services without looking at a person's income or saving.According to Dr. C. Rangarajan (Chairman, The Committee on Financial Inclusion by RBI) Financial inclusion may be defined as "the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at affordable cost."Financial inclusion develops a culture of savings in the segments of the rural areas, which has its role to cultivate economic development. Initiatives of financial inclusion include banks providing basic savings bank deposits accounts (BSBD) with facilities such as no minimum balance e.g.: Jan Dhan Account, withdrawal/deposit of cash, ATM facilities to every account holder. Along with this the KYC norms are being relaxed for small accounts to promote the opening of bank accounts.

NABARB has adopted a differentiated strategy since 2019-2020 for focused Financial Inclusion Fund (FIF) interventions which still continues to address regional inadequacies and to bring about inclusive and equitable Financial Inclusion across the country including Jharkhand.

Governments Initiatives for Financial Inclusion:

- Formation of self-help groups (SHGs)
- Employment generation programmes
- Welfare schemes such as Jharkhand Mukhyamantri Maiya Samman Yojana, Universal Pension Scheme etc.

RBI has taken various significant steps for taking Banking system to the door of the rural population:

- Creation of Co-operative institutions
- Formation of Regional Rural Banks
- Establishment of CSPs
- Indian Post Payments Banks

Banks have been advised to open an intermediate brick and mortar structure in between the main branch and the CSP for providing banking services addressing customer issues and monitoring the working of

BCs. IPPBs are also playing a significant role in achieving financial growth in rural areas. These factors can ensure all the stakeholders in the loop are working towards the betterment of the system and follow an approach to make rural India financially inclusive.

Hence, Financial inclusion is very essential to achieve the target of rural development in India and Shikaripara block of Dumka district Ratu block of Ranchi district are no exception where the financial inclusion are confronted with multiple problems in different aspects. Therefore, the present research work attempts to find out the level of financial inclusion in the study area highlighting the strategies of development in terms of banking infrastructure, number of bank account holders and its impact in socio economic condition of the people in the respected area.

The present study aims to do a comparative study of banking inclusion between the people of Shikaripara block (Dumka) and Ratu block (Ranchi) of Jharkhand state. Out of which one place/block belongs to capital district of the state and lies very close to the capital city of the state and other being very far from the capital city. It will also help us to know that , are there any impact of being close to the capital city regarding development works such as financial inclusion. It will also help us to know the bank density of both of the blocks.

Shikaripara Block (Dumka): Shikaripara block is a community development block of Dumka sadar subdivision of Dumka district, Jharkhand. It is located 27m from district headquarter. It has an area of 438.25 square km. There are 242 inhibited villages in Shikaripara block.As per the 2011 Census of India Shikaripara block has a total population of 131,464 all belonging to rural population. There are 65,723 (50%) males and 65,741(50%) females. Scheduled tribes constitute 60.49% of the total population in the block.

Ratu Block (Ranchi): Ratu block is a community development block in the Ranchi sadar subdivision of Ranchi district, Jharkhand. It has an area of 104.47square km. According to the 2011 Census of India, Ratu block has a total population of 76,565of which 54,186 are rural population and 22, 379 are urban. Out of which 51% are males and 49% are females.There are 37 inhabited villages in Ratu block.

To promote financial inclusion in India, encouragement of cooperative, bank nationalization, establishment of RRBs and lead bank schemes were introduced. Formal recognition of financial inclusion emerged with its inclusion in the RBIs Rangarajan Committees report in 2008. To address the rural –

urban disparity and cater to vulnerable population in rural areas, the traditional banking infrastructure was expanded to cover the unbanked within the formal financial system

Jharkhand is positioned in the lowest rank when compared with other states of our country regarding financial inclusion of the rural and marginalized population of the state. A big disparity is being observed when we compare its rural and urban population regarding financial inclusion. Jharkhand have 3280 functional bank branches and 3420 ATMs according to SLBC report published in 31/03/2024.

Capital city Ranchi has 498 functional bank branches out of which 145 are in rural areas whereas Dumka have only 116 bank branches out of which only 82 are in rural areas. Also regarding supply of currency in rural areas Ranchi stands far above then Dumka as Ranchi have 72 functional ATMs while Dumka have only 20 ATMs. These data's suggest a huge disparity regarding financial inclusion of Shikaripara block of Dumka district and Ratu block of Ranchi district is compared.

Review of Literatures

For the concerned research, government and bank reports, books, newspaper articles, NGO reports, and scholarly articles has been studied.

1) According to claessens (2006) financial inclusion could be defined as "the availability of a supply of reasonable quality financial services at reasonable costs, where reasonable quality and reasonable cost have to be defined relative to some standard, with costs reflecting all pecuniary and non-pecuniary costs."
2) *Planning Commission of India* (2009) has defined financial inclusion as "the process of ensuring access to financial services, timely and adequate credit for vulnerable groups such as weaker sections and low income groups at an affordable cost."
3) *District Census Handbook Ranchi / Dumka Series 21 Part XII*: The District Census Handbook (DCHB) is an important publication of the census organization since 1951. The Census data provide information on socio-economic indicators such as educational institutions, banking facilities, medical, drinking water, communication and transport, electricity etc.
4) *Karmakar* (2011) have constructed the financial inclusion for rural areas of the major twenty states in India. He has considered number of rural outlets, number of accounts, per outlet deposit amount, per outlet credit amount as an indicator of financial inclusion.

5) RBI has released the Financial Inclusion Index (FI-Index) which indicates significant progress in financial inclusion across the country. Jharkhand has also shown significant improvement in banking infrastructures.
6) *The World Bank (*2022) which publishes its own global financial inclusion index known as Findex defines Financial Inclusion as "Financial inclusion means that individuals and business have access to useful and affordable financial products and services that meet their needs, transactions, payments, savings, etc. delivered in a responsible and sustainable way."
7) *Samir Xavier Bhawnra, K B Singh (Financial Inclusion of the Tribal Community of Jharkhand- a Pilot Study)* in this book both the writers have tried to explore the usage dimensions of financial inclusion . The usage of the bank account is an imperative dimension of financial inclusion.
8) *Financial Inclusion In India (Dr. S V Shinde)* Dr Shinde's work frequently highlights the obstacles faced by marginalized communities in accessing financial services, such as lack of awareness, limited infrastructure, culture , financial literacy , proof of identity, remoteness of residence and other barriers .
9) *86TH SLBC Report Jharkhand,* State Level Bankers Committee (SLBC) came into existence in 1977 under Lead Bank Scheme as per RBI guidelines. SLBC is an inter institutional forum at State level ensuring coordination between Government and Banks on matters pertaining to banking development.
10) *Jharkhand Economic Survey 2023-24,* the physical as well as the digital infrastructure of banking and other financial institutions have increased in the state. Since 2015, about 844 ATMs and 241 banks/ branches have been added to the overall financial infrastructure of the state. The demographic density of bank offices/ branches and ATMs had increased 8.6 to 10.5per one lakh population respectively in the year 2023 from 6.2 and a mere 3.3 per one lakh population respectively in the year 2011.

There has been a significant progress in promoting and expanding digital banking and financial services in the state too. In this regard it should be noted to that the district Ranchi and East

Singhbhum are now 100% Digital Districts in the state and if the progress continues as per target all other districts will join this club by the end of March 2024.

Problems to be investigated

After reviewing the literatures it may be concluded that a comparative study is found to be lacking regarding financial inclusion of Shikaripara block of Dumka district and Ratu block of Ranchi district thus one may be conducted here and a comparative study of both the blocks should be done. Through this comparative study barriers and hindrances should be identified and corrective measure can be adopted to enhance the financial inclusion of unbanked population.

Objectives of the Study

The present study attempts to do a comparative assessment of financial inclusion of the between the Shikaripara block and Ratu block, and therefore the aim and objectives of the study are as following:

1. To know about financial inclusion and its scope.
2. To identify and evaluate the level of banking penetration in terms of bank account holders and banking infrastructure.
3. To examine the socio-economic indicators and its reflection in development of the research area.
4. To Know and analyse the Governmental schemes related to financial inclusion.
5. To analyse and measure the disparities in the level of financial inclusion of the two said blocks.
6. To identify the problems of the study are in the way of rural development and suggest appropriate remedies.

Hypothesis

Proximity to the capital city or financial capital results in greater banking facilities which leads to greater financial inclusion of the area.

Research Methodology

Methodology is the essential part of every research work which helps to analyse the problems raised during the research work under the requisite number of terms. It also prevents the researcher from getting deviated from the track. It is a process adopted by the researcher for the fulfilment of the objectives mentioned above, in order to reach at a valid conclusion through precise and empirical explanation of the research work. In this particular research work, the major focus is on the assessment and comparative study of the

similarities and disparities among the two blocks which are Shikaripara and Ratu block. The framework of the methodology for the present study is divided into following parts:

A Area of the Study: Shikaripara block of Dumka district and Ratu block of Ranchi district.

Shikaripara block: five villages

1.Kajladaha 2. Chota Chapuria 3. Bhlaitar 4. Chirudih 5. Maluti

Ratu block: five villages

1. Bijulia 2. Pali 3. Usamatu 4. Hurhuri 5. Belangi

B. Unit of Study: Financial institutions , bank reports , governments reports and other reports and datas released by various institutions working in the field of financial inclusion sector.

C. Sampling:

I**.** Cluster Sampling: Cluster sampling involves dividing a certain population into groups or. clusters for the convenience of the research work.

II. Stratified Sampling: It is a variation of random sampling that involves dividing the . population into distinct groups or strata.

D. Selection of Informants: According to the social composition of the both blocks, informants ill be selected on these factors:

I. Working population (19- 59 years)
II. Pensioners (60 + years) in case of women (45+ years)
III. Welfare Scheme Beneficiaries

E. Sources of data: Primary Source**:** I. **Schedule A**: Respondents 20 people from each villages out of which 10 would be women respondents. 2(5×20) = 200 respondents from both the blocks.

II. **Schedule B:** Bank / Post office employees, one from each office.

Secondary Source**:** Government reports, Banks data's, Books, NGOs reports, Research journals etc.

F. Techniques of Data Collection

I. **Observation:** It refers to a method in which researchers study ongoing behaviour of their participants. In this particular research work financial nature of villages and participants will be studied. Also already collected data's will be studied.

II. **Schedule:** The schedule is the form containing some questions or blank tables which are to be filled by the research workers after getting information from the informant. The schedule may thus contain two types of questions 1) direct questions and 2) form of a table.

III. **Interview:** An interview is a qualitative research method that relies on asking questions in order to collect data. Individual and group interview will be apply for data collections.

IV. **Case Study:** A Case study is an appropriate research design when one wants to gain concrete, contextual, in depth knowledge about a specific real subject / issue.

V. **Life History:** Life histories are records of individual's personal experiences and the connections between them and past social events.

VI. **Photography:** The most common uses for photographs in anthropological research work have been as illustrations and documentation.

Scrutiny and Analysis of data

Scrutiny and Analysis of data proves to be crucial in this process, through which we can reach at a conclusion. Then only a comparative study could be done out of the collected data.

Significance of the Study

1. The research proposal attempts to do a comparative study of financial inclusion of both the blocks.
2. The study will highlights the rural development programmes implemented in these particular areas.
3. State government can emphasis on employment generation programmes in those sections where research finding will show lesser financial inclusion.
4. New Financial Inclusion policy could formulated for whole of the state while targeting most weaker section regarding financial status.

Relevance to present day and need to the Society

Jharkhand, a predominantly rural state in India, faces significant challenges in terms of financial inclusion. The states rural population, often marginalized and economically disadvantaged has limited access to formal financial services. This is highly visible in remote areas which are far away from capital city. This disparities regarding financial inclusion has far- reaching implications for the states overall and inclusive development.

It is highly needed because through this various parameters of development such as poverty reduction, economic growth, social development, financial security etc. could be achieved.

By promoting financial inclusion in rural areas, Jharkhand can unlock its economic potential and improve the lives of its citizens. It will also ensure in filling the gaps of economic disparities occurred in remote areas.

Contribution to the existing Knowledge

The proposed study will make a significant contribution to future research, evidence based policy and programmes formulation in several key ways.Firstly, by doing a comparative study of both the blocks regarding financial inclusion, it can provide a valuable data's for future comparative analysis. Secondly, the identification of factors influencing financial inclusion in the rural areas and areas which are in proximities to financial capital will offer targeted insights for future research endeavours. Thirdly, as the study delves into comparative study, it can provide a practical road map for governments interventions strategies through which disparities in the level of financial inclusion could be addressed effectively in time bound manner.

Future work

As the study area and sample population is limited, future work can be done with a larger area and population size. Also government can use its finding in evidence based policy formulation and programme implementation.

Tentative Chapterization

Chapter 1: Introduction

Chapter 2: Area of study

Chapter 3: Banking infrastructure and banking Penetrations

Chapter 4: Social-Economic Composition of Shikaripara block and Ratu block

Chapter 5: Financial Inclusion and Governmental Schemes

Chapter 6: Comparative study of Financial Inclusion status of Shikaripara and Ratu block

Chapter 7: Problems and suggestions for rural developmen

Summary and Conclusion

Reference

1. Ambarkhane, D., Singh, A. S., & Vekataramani, B. (2016), *Measuring financial inclusion of Indian states*. International Journal of Rural Management, 12(1), 72‑100.

2. Bhawnra, Samir Xavier and K. B. Singh, *Financial Inclusion of the Tribal Community of Jharkhand- A Pilot Study*.

3. Claessens, S., (2006), *Access to Financial Services: A Review of the Issues and Public Policy Objectives*, The World Bank Research Observer, Vol. 21, No. 2, pp. 207-240.

4. Credit Rating and Information System of India Ltd. (CRISIL) CRISIL Inclusix, An Index to measure India's progress on Financial Inclusion.

5. District Census Handbook Dumka, Census of India 2011, Series 20, Part XII A.

6. District Census Handbook Ranchi, Census of India 2011, Series 20 Part XII A.

7. Economic Survey of Jharkhand 2023-24, Department of Finance, Government of Jharkhand.

8. Karmaka, K. G. and G. D. Banerjee, (2011), *Towards Financial Inclusion in India*, Thousand Oaks, Calif: SAGE Publication.

9. Mohan, R. (2006), *Economic growth, financial deepening and financial inclusion*. In M. Shadrma, Dynamics of Indian Banking; View and Vistas (p. 442).

10. Mukherjee, Arup, (2012), *Financial Inclusion of the Poor and Marginalized in Jharkhand Analysis of the Existing Model* ISSN 2278-5140, volume-1, Issue-2.

11. Niti Aayog's 2018, *White Paper on Digital Payments ‑ Trends, Issues, and Opportunities*

; https://smartnet.niua.org/content/4c39b749-6901-42e2-9a15-0c750b6120ba

12. Parijat Dhar and Dr. Nissar A. Barua, *Financial Inclusion in India - A State-Wise Analysis*, International Journal of Management, 11(10), 2020, Volume=11&Issue=10 pp. 816-827. http://iaeme.com/Home/issue/IJM?.

13. Planning commission, Govt. of India (2009), *A Hundred Small Steps: Report of the Committee on Financial Sector Reforms.*

14. Rangarajan, C. (2008), *Report of the Committee on Financial Inclusion*. Ministry of Finance, Government of India.

15. Sarma, Mandira (2010), Index *of Financial Inclusion,* Discussion Paper 10-05; Centre for International Trade and Development, School of International Studies, Jawaharlal Nehru University, India.

16. Sethy, Susanta and Goyari, Phanindra; Measuring Financial Inclusion of Indian States: An Empirical Study; Indian Journal of Economics and Development; 2018/01/01.

17. State of Indian States; Economic Policy and Research, National Stock Exchange of India Ltd.Oct 05, 2020.

18. Sujlana, Paramjit, and Chhavi Kiran, (2018), *A Study on Status of Financial Inclusion in India*. International Journal of Management Studies 5: 96. Financial Inclusion and Digital India: A Critical Assessment, Economic and Political weekly; Vol. 55, Issue No. 17, 25 Apr, 2020.

19. The Consultative Group to Assist the Poor, financial access 2009, measuring access to financial services around the world, World Bank 2024.

20. Yadav, Vishal and Singh, Shishir Kumar and Velan, Nirmala and Aftab, Md Asif; *District Level Assessment of Financial Inclusion in India*; Munich Personal RePEc Archive; 31 December 2020.

21. 86th SLBC Report (Jharkhand) Bank of India.